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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

MAR - 5 2002
601

OMB APPROVAL
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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING January 1, 2001 AND ENDING December 31, 2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Sherman & Co.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

15 Westminster Street Suite 637

(No. and Street)

Providence

RI

02903

(City)

(State)

(Zip Code)

NAME OF ONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

William H. Sherman

(401) 421-0644

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT

IC ACCOUNTANT whose opinion is contained in this Report*

Rosenstein, Halper, & Maselli, LLP

(Name - if individual, state last, first, middle name)

27 Dryden Lane, Providence RI

02904

(Address)

(City)

(State)

Zip Code)

CHECK

X

Certified public Accountant

Not instant

Not resident in United States or any of its possessions.

11-003357-B
SHERMAN & CO.
WILLIAM H. SHERMAN
15 WESTMINSTER ST.,
PROVIDENCE
RI 02903

PROCESSED

MAR 26 2002

THOMSON
FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, WILLIAM H. SHERMAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SHERMAN & CO., as of DECEMBER 31, 2001 are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

William H. Sherman
Signature

PROPRIETOR
Title

[Signature] my Comm exp 7/15/05
Notary Public

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FORM X-17A-5

FOCUS REPORT

OMB No. 3235-0123
(5-31-87)

(Financial and Operational Combined Uniform Single Report)

PART II 11

3/91

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) ☒ 16 2) Rule 17a-5(b) ☐ 17 3) Rule 17a-11 ☐ 18
4) Special request by designated examining authority ☐ 19 5) Other ☐ 26

NAME OF BROKER-DEALER

SEC FILE NO

Sherman & Co. 13

8-11259 14

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

FIRM ID. NO.

15 Westminster Street 20
(No. and Street)

03389 15

FOR PERIOD BEGINNING (MM/DD/YY)

Providence 21 RI 22 02903 23
(City) (State) (Zip Code)

01/01/01 24

AND ENDING (MM/DD/YY)

12/31/01 25

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code)—Telephone No.

William H. Sherman 30

(401) 421-0644 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

N/A 32
34
36
38

33
35
37
39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS?

YES ☒ 40 NO ☐ 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT

☐ 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 25TH day of FEB 2002
Manual signatures of:

1) William H. Sherman
Principal Executive Officer or Managing Partner

2) _____
Principal Financial Officer or Partner

3) _____
Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 781(a))

11-003389-B
SHERMAN & CO.
WILLIAM H. SHERMAN
15 WESTMINSTER ST.,
PROVIDENCE, RI
02903



TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

Name (If individual, state last, first, middle name)

Rosenstein, Halper & Maselli, LLP

ADDRESS

Number and Street

City

State

Zip Code

27 Dryden Lane

Providence

RI

02904

71

72

73

74

Check One

☒ Certified Public Accountant

75

☐ Public Accountant

76

☐ Accountant not resident in United States or any of its possessions

77

FOR SEC USE

DO NOT WRITE UNDER THIS LINE ... FOR SEC USE ONLY

| WORK LOCATION | REPORT DATE MM/DD/YY | DOC. SEQ. NO. | CARD | | | | |
|---------------|-------------------------|---------------|------|---|--|--|--|
| | | | | | | | |
| 50 | 51 | 52 | 5 | 3 | | | |

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

| | | | | |
|--|----|--|--|-----|
| BROKER OR DEALER <i>Sherman & Co.</i> | N2 | | | 100 |
|--|----|--|--|-----|

STATEMENT OF FINANCIAL CONDITION

As of (MM/DD/YY) 12/31/01 99

SEC FILE NO. 8-11259 98

Consolidated 198
 Unconsolidated 199

ASSETS

| | Allowable | Nonallowable | Total |
|--|--|--|--|
| 1 Cash | \$ <u>2449</u> 200 | | \$ <u>2449</u> 750 |
| 2 Cash segregated in compliance with federal and other regulations | <u>69480</u> 210 | | <u>69480</u> 760 |
| 3 Receivable from brokers or dealers and clearing organizations: | | | |
| A. Failed to deliver: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 220 | | |
| 2. Other | 230 | | 770 |
| B. Securities borrowed: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 240 | | |
| 2. Other | 250 | | 780 |
| C. Omnibus accounts: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 260 | | |
| 2. Other | 270 | | 790 |
| D. Clearing organizations: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 280 | | |
| 2. Other | 290 | | 800 |
| E. Other | 300 | \$ 550 | 810 |
| 4 Receivables from customers: | | | |
| A. Securities accounts: | | | |
| 1. Cash and fully secured accounts | <u>220,305</u> 310 | | |
| 2. Partly secured accounts | 320 | 560 | |
| 3. Unsecured accounts | | 570 | |
| B. Commodity accounts | 330 | 580 | |
| C. Allowance for doubtful accounts | 335 | 590 | <u>220,305</u> 820 |
| D. Receivables from non-customers: | | | |
| A. Cash and fully secured accounts | 340 | | |
| B. Partly secured and unsecured accounts | 350 | 600 | 830 |
| 6 Securities purchased under agreements to resell | 360 | 605 | 840 |
| 7 Securities and spot commodities owned, at market value: | | | |
| A. Bankers acceptances, certificates of deposit and commercial paper | 370 | | |
| B. U.S. and Canadian government obligations | 380 | | |
| C. State and municipal government obligations | <u>211545</u> 390 | | |
| D. Corporate obligations | 400 | | |

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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Sherman & Co.

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION

ASSETS

| | Allowable | Nonallowable | Total |
|---|----------------|--------------|----------------|
| E. Stocks and warrants | \$ 410 | | |
| F. Options | 420 | | |
| G. Arbitrage | 422 | | |
| H. Other securities | 424 | | |
| I. Spot commodities | 430 | | |
| | | | \$ 211,545 850 |
| 8. Securities owned not readily marketable: | | | |
| A. At Cost | \$ 130 | | |
| B. At estimated fair value | 440 | \$ 610 | 860 |
| 9. Other investments not readily marketable: | | | |
| A. At Cost | \$ 140 | | |
| B. At estimated fair value | 450 | 620 | 870 |
| 10. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value: | | | |
| A. Exempted securities | \$ 150 | | |
| B. Other | \$ 160 | 460 | 630 |
| 11. Secured demand notes - market value of collateral: | | | |
| A. Exempted securities | \$ 170 | | |
| B. Other | \$ 180 | 470 | 640 |
| 12. Memberships in exchanges: | | | |
| A. Owned, at market value | \$ 190 | | |
| B. Owned at cost | | 650 | |
| C. Contributed for use of company, at market value | | 660 | 900 |
| 13. Investment in and receivables from affiliates, subsidiaries and associated partnerships | 480 | 670 | 910 |
| 14. Property, furniture, equipment, leasehold improvements and rights under lease agreements: | | | |
| At cost (net of accumulated depreciation and amortization) | 490 | 680 | 920 |
| 15. Other Assets: | | | |
| A. Dividends and interest receivable | 500 | 690 | |
| B. Free shipments | 510 | 700 | |
| C. Loans and advances | 520 | 710 | |
| D. Miscellaneous | 530 | 720 | 930 |
| 16. TOTAL ASSETS | \$ 303,779 540 | \$ 0 740 | \$ 503,779 940 |

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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

Sherman + Co

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY

| <u>Liabilities</u> | <u>A.I. Liabilities *</u> | <u>Non-A.I. Liabilities *</u> | <u>Total</u> |
|--|-------------------------------|-----------------------------------|--------------|
| 17. Bank loans payable: | | | |
| A. Includable in "Formula for Reserve Requirements" | \$ 1030 | \$ 1240 | \$ 1460 |
| B. Other | 1040 | 1250 | 1470 |
| 18. Securities sold under repurchase agreements | | 1260 | 1480 |
| 19. Payable to brokers or dealers and clearing organizations: | | | |
| A. Failed to receive: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 1050 | 1270 | 1490 |
| 2. Other | 225,065 1060 | 1280 | 225,065 1500 |
| B. Securities loaned: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 1070 | | 1510 |
| 2. Other | 1080 | 1290 | 1520 |
| C. Omnibus accounts: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 1090 | | 1530 |
| 2. Other | 1095 | 1300 | 1540 |
| D. Clearing organizations: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 1100 | | 1550 |
| 2. Other | 1105 | 1310 | 1560 |
| E. Other | 1110 | 1320 | 1570 |
| 20. Payable to customers: | | | |
| A. Securities accounts -including free credits of | \$ 1120 | | 1580 |
| B. Commodities accounts | 1130 | 1330 | 1590 |
| 21. Payable to non customers: | | | |
| A. Securities accounts | 1140 | 1340 | 1600 |
| B. Commodities accounts | 1150 | 1350 | 1610 |
| 22. Securities sold not yet purchased at market value - including arbitrage of | \$ 960 | 1360 | 1620 |
| 23. Accounts payable and accrued liabilities and expenses: | | | |
| A. Drafts payable | 1160 | | 1630 |
| B. Accounts payable | 1170 | | 1640 |
| C. Income taxes payable | 1180 | | 1650 |
| D. Deferred income taxes | | 1370 | 1660 |
| E. Accrued expenses and other liabilities | 56 1190 | | 56 1670 |
| F. Other | 1200 | 1380 | 1680 |

OMIT PENNIES

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Sherman + Co

as of

12/31/01

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

| Liabilities | A.I. Liabilities * | Non-A.I. Liabilities * | Total |
|--|-----------------------|---------------------------|-----------------|
| 24. Notes and mortgages payable: | | | |
| A. Unsecured | \$ 1210 | | \$ 1690 |
| B. Secured | 1211 | \$ 1390 | 1700 |
| 25. Liabilities subordinated to claims of general creditors: | | | |
| A. Cash borrowings | | 1400 | 1710 |
| 1. from outsiders ▼ \$ 970 | | | |
| 2. Includes equity subordination (15c3-1 (d)) of \$ 980 | | | |
| B. Securities borrowings, at market value: | | | |
| from outsiders \$ 990 | | 1410 | 1720 |
| C. Pursuant to secured demand note collateral agreements: | | 1420 | 1730 |
| 1. from outsiders \$ 1000 | | | |
| 2. Includes equity subordination (15c3-1 (d)) of \$ 1010 | | | |
| D. Exchange memberships contributed for use of company at market value | | 1430 | 1740 |
| E. Accounts and other borrowings not qualified for net capital purposes | 1220 | 1440 | 1750 |
| 26. TOTAL LIABILITIES | \$ 225,121 1230 | \$ 1450 | \$ 225,121 1760 |

Ownership Equity

| | | |
|--|------------|------|
| 27. Sole proprietorship | \$ 278,658 | 1770 |
| 28. Partnership- limited partners \$ 1020 | | 1780 |
| 29. Corporation: | | |
| A. Preferred stock | | 1791 |
| B. Common stock | | 1792 |
| C. Additional paid-in capital | | 1793 |
| D. Retained earnings | | 1794 |
| E. Total | | 1795 |
| F. Less capital stock in treasury | | 1796 |
| 30. TOTAL OWNERSHIP EQUITY | \$ 278,658 | 1800 |
| 31. TOTAL LIABILITIES AND OWNERSHIP EQUITY | \$ 503,779 | 1810 |

OMIT PENNIE:

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

Sherman + Co.

as of

12/31/01

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY

| <u>Liabilities</u> | <u>A.I. Liabilities *</u> | <u>Non-A.I. Liabilities *</u> | <u>Total</u> |
|---|-------------------------------|-----------------------------------|--------------|
| 17. Bank loans payable: | | | |
| A. Includable in "Formula for Reserve Requirements" | \$ 1030 | \$ 1240 | \$ 1460 |
| B. Other | 1040 | 1250 | 1470 |
| 18. Securities sold under repurchase agreements .. | | 1260 | 1480 |
| 19. Payable to brokers or dealers and clearing organizations: | | | |
| A. Failed to receive: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 1050 | 1270 | 1490 |
| 2. Other | 1060 | 1280 | 1500 |
| B. Securities loaned: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 1070 | | 1510 |
| 2. Other | 1080 | 1290 | 1520 |
| C. Omnibus accounts: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 1090 | | 1530 |
| 2. Other | 1095 | 1300 | 1540 |
| D. Clearing organizations: | | | |
| 1. Includable in "Formula for Reserve Requirements" | 1100 | | 1550 |
| 2. Other | 1105 | 1310 | 1560 |
| E. Other | 1110 | 1320 | 1570 |
| 20. Payable to customers: | | | |
| A. Securities accounts -including free credits of \$ 950 | 1120 | | 1580 |
| B. Commodities accounts | 1130 | 1330 | 1590 |
| 21. Payable to non customers: | | | |
| A. Securities accounts | 1140 | 1340 | 1600 |
| B. Commodities accounts | 1150 | 1350 | 1610 |
| 22. Securities sold not yet purchased at market value - including arbitrage of \$ 960 | | 1360 | 1620 |
| 23. Accounts payable and accrued liabilities and expenses: | | | |
| A. Drafts payable | 1160 | | 1630 |
| B. Accounts payable | 1170 | | 1640 |
| C. Income taxes payable | 1180 | | 1650 |
| D. Deferred income taxes | 1190 | 1370 | 1660 |
| E. Accrued expenses and other liabilities | 1200 | | 1670 |
| F. Other | | 1380 | 1680 |

OMIT PENNIE

*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

Sherman & Co

as of 12/31/01

STATEMENT OF FINANCIAL CONDITION

LIABILITIES AND OWNERSHIP EQUITY (continued)

| <u>Liabilities</u> | <u>A.I. Liabilities •</u> | <u>Non-A.I. Liabilities •</u> | <u>Total</u> |
|--|-------------------------------|-----------------------------------|--------------|
| 24. Notes and mortgages payable: | | | |
| A. Unsecured | \$ 1210 | \$ | 1690 |
| B. Secured | 1211 | 1390 | 1700 |
| 25. Liabilities subordinated to claims of general creditors: | | | |
| A. Cash borrowings | | 1400 | 1710 |
| 1. from outsiders \$ 970 | | | |
| 2. Includes equity subordination (15c3-1 (d)) of \$ 980 | | | |
| B. Securities borrowings, at market value; from outsiders \$ 990 | | 1410 | 1720 |
| C. Pursuant to secured demand note collateral agreements: | | 1420 | 1730 |
| 1. from outsiders \$ 1000 | | | |
| 2. Includes equity subordination (15c3-1 (d)) of \$ 1010 | | | |
| D. Exchange memberships contributed for use of company at market value | | 1430 | 1740 |
| E. Accounts and other borrowings not qualified for net capital purposes | 1220 | 1440 | 1750 |
| 26. TOTAL LIABILITIES | \$ 1230 | \$ 1450 | \$ 1760 |

Ownership Equity

| | | |
|--|-----|------|
| 27. Sole proprietorship | \$ | 1770 |
| 28. Partnership- limited partners \$ 1020 | | 1780 |
| 29. Corporation: | | |
| A. Preferred stock | | 1791 |
| B. Common stock | | 1792 |
| C. Additional paid-in capital | | 1793 |
| D. Retained earnings | | 1794 |
| E. Total | | 1795 |
| F. Less capital stock in treasury | () | 1796 |
| 30. TOTAL OWNERSHIP EQUITY | \$ | 1800 |
| 31. TOTAL LIABILITIES AND OWNERSHIP EQUITY | \$ | 1810 |

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*Brokers or Dealers electing the alternative net capital requirement method need not complete these columns.

PART II—FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

| | |
|--|---|
| BROKER OR DEALER <div style="font-size: 1.2em; font-family: cursive;">Sherman + Co.</div> | For the period (MMDDYY) from <u>11/01</u> 3932 to <u>12/31/01</u> 3933 Number of months included in this statement <u>3931</u> |
|--|---|

REVENUE

STATEMENT OF INCOME (LOSS)

| | | | |
|---|----|--------|------|
| 1. Commissions: | | | |
| a. Commissions on transactions in listed equity securities executed on an exchange | \$ | | 3935 |
| b. Commissions on transactions in exchange listed equity securities executed over-the-counter | | | 3937 |
| c. Commissions on listed option transactions | | | 3938 |
| d. All other securities commissions | | 63133 | 3939 |
| e. Total securities commissions | | | 3940 |
| 2. Gains or losses on firm securities trading accounts | | | |
| a. From market making in over-the-counter equity securities | | | 3941 |
| i. Includes gains or (losses) OTC market making in exchange listed equity securities | | 3943 | |
| b. From trading in debt securities | | | 3944 |
| c. From market making in options on a national securities exchange | | | 3945 |
| d. From all other trading | | 918 | 3949 |
| e. Total gains or (losses) | | | 3950 |
| 3. Gains or losses on firm securities investment accounts | | | |
| a. Includes realized gains (losses) | | 4235 | |
| b. Includes unrealized gains (losses) | | 4236 | |
| c. Total realized and unrealized gains (losses) | | | 3952 |
| 4. Profits or (losses) from underwriting and selling groups | | | 3955 |
| a. Includes underwriting income from corporate equity securities | | 4237 | |
| 5. Margin interest | | | 3960 |
| 6. Revenue from sale of investment company shares | | 73859 | 3970 |
| 7. Fees for account supervision, investment advisory and administrative services | | | 3975 |
| 8. Revenue from research services | | | 3980 |
| 9. Commodities revenue | | | 3990 |
| 10. Other revenue related to securities business | | | 3985 |
| 11. Other revenue | | 4668 | 3995 |
| 12. Total revenue | | 142578 | 4030 |

EXPENSES

| | | | | |
|---|--|----|--------|------|
| 13. Registered representatives' compensation | | \$ | | 4110 |
| 14. Clerical and administrative employees' expenses | | | 18533 | 4040 |
| 15. Salaries and other employment costs for general partners, and voting stockholder officers | | | | 4120 |
| a. Includes interest credited to General and Limited Partners capital accounts | | | 4130 | |
| 16. Floor brokerage paid to certain brokers (see definition) | | | | 4055 |
| 17. Commissions and clearance paid to all other brokers (see definition) | | | | 4145 |
| 18. Clearance paid to non-brokers (see definition) | | | | 4135 |
| 19. Communications | | | 38972 | 4060 |
| 20. Occupancy and equipment costs | | | 9253 | 4080 |
| 21. Promotional costs | | | 31564 | 4150 |
| 22. Interest expense | | | | 4075 |
| a. Includes interest on accounts subject to subordination agreements | | | 4070 | |
| 23. Losses in error account and bad debts | | | | 4170 |
| 24. Data processing costs (including service bureau service charges) | | | | 4186 |
| 25. Non-recurring charges | | | | 4190 |
| 26. Regulatory fees and expenses | | | 2088 | 4195 |
| 27. Other expenses | | | 14923 | 4100 |
| 28. Total expenses | | \$ | 115333 | 4200 |

NET INCOME

| | | | | |
|--|--|----|-------|------|
| 29. Income (loss) before Federal income taxes and items below (Item 12 less Item 28) | | \$ | 27245 | 4210 |
| 30. Provision for Federal income taxes (for parent only) | | | | 4220 |
| 31. Equity in earnings (losses) of unconsolidated subsidiaries not included above | | | | 4222 |
| a. After Federal income taxes of | | | 4238 | |
| 32. Extraordinary gains (losses) | | | | 4224 |
| a. After Federal income taxes of | | | 4239 | |
| 33. Cumulative effect of changes in accounting principles | | | | 4225 |
| 34. Net income (loss) after Federal income taxes and extraordinary items | | \$ | 27245 | 4230 |

MONTHLY INCOME

| | | | | |
|---|--|----|------|------|
| 35. Income (current month only) before provision for Federal income taxes and extraordinary items | | \$ | 7547 | 4211 |
|---|--|----|------|------|

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Sherman & Co

as of

12/31/01

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (See Rule 15c3-3, Exhibit A and Related Notes)

CREDIT BALANCES

| | | |
|--|----|------|
| 1. Free credit balances and other credit balances in customers' security accounts (see Note A, Exhibit A, Rule 15c3-3) | \$ | 4340 |
| 2. Monies borrowed collateralized by securities carried for the accounts of customers (see Note B) | | 4350 |
| 3. Monies payable against customers' securities loaned (see Note C) | | 4360 |
| 4. Customers' securities failed to receive (see Note D) | | 4370 |
| 5. Credit balances in firm accounts which are attributable to principal sales to customers | | 4380 |
| 6. Market value of stock dividends, stock splits and similar distributions receivable outstanding over 30 calendar days | | 4390 |
| 7. **Market value of short security count differences over 30 calendar days old | | 4400 |
| 8. **Market value of short securities and credits (not to be offset by longs or by debits) in all suspense accounts over 30 calendar days | | 4410 |
| 9. Market value of securities which are in transfer in excess of 40 calendar days and have not been confirmed to be in transfer by the transfer agent or the issuer during the 40 days | | 4420 |
| 10. Other (List) | | 4425 |
| 11. TOTAL CREDITS | \$ | 4430 |

DEBIT BALANCES

| | | |
|---|-----|------|
| 12. **Debit balances in customers' cash and margin accounts excluding unsecured accounts and accounts doubtful of collection net of deductions pursuant to Note E, Exhibit A, Rule 15c3-3 | \$ | 4440 |
| 13. Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver | | 4450 |
| 14. Failed to deliver of customers' securities not older than 30 calendar days | | 4460 |
| 15. Margin required and on deposit with the Options Clearing Corporation for all option contracts written or purchased in customer accounts (See Note F) | | 4465 |
| 16. Other (List) | | 4469 |
| 17. **Aggregate debit items | \$ | 4470 |
| 18. **less 3% (for alternative method only — see Rule 15c3-1 (f) (5) (ii)) | () | 447 |
| 19. **TOTAL 15c3-3 DEBITS | \$ | 4470 |

RESERVE COMPUTATION

| | | |
|--|----|------|
| 20. Excess of total debits over total credits (line 19 less line 11) | \$ | 4480 |
| 21. Excess of total credits over total debits (line 11 less line 19) | | 4490 |
| 22. If computation permitted on a monthly basis, enter 105% of excess of total credits over total debits | | 4500 |
| 23. Amount held on deposit in "Reserve Bank Account(s)", including value of qualified securities, at end of reporting period | | 4510 |
| 24. Amount of deposit (or withdrawal) including \$ 4515 value of qualified securities | | 4520 |
| 25. New amount in Reserve Bank Account(s) after adding deposit or subtracting withdrawal including \$ 4525 value of qualified securities | \$ | 4530 |
| 26. Date of deposit (MMDDYY) | | 4540 |

OMIT PENNIE

FREQUENCY OF COMPUTATION

27. Daily ☒ 4332 Weekly ☒ 4333 Monthly ☒ 4334

**In the event the Net Capital Requirement is computed under the alternative method, this "Reserve Formula" shall be prepared in accordance with the requirements of paragraph (f) of Rule 15c3-1.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

Sherman + Co.

as of 12/31/01

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKER-DEALERS UNDER RULE 15c3-3 (continued)

EXEMPTIVE PROVISIONS

28. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- | | | | |
|---|----|---|----|
| A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 | \$ | | 45 |
| B. (k) (2)(A)—"Special Account for the Exclusive Benefit of customers" maintained | | X | 45 |
| C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm <u>4335</u> | | | 45 |
| D. (k) (3)—Exempted by order of the Commission | | | 45 |

Information for Possession or Control Requirements Under Rule 15c3-3

State the market valuation and the number of items of:

- | | | | |
|--|-----|------|-------|
| 1. Customers' fully paid securities and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3. Notes A and B | \$ | | 45 |
| A. Number of Items | | | 45 |
| 2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3. Notes B, C and D | \$ | | 45 |
| A. Number of Items | | | 45 |
| OMIT PENN | | | |
| 3. The system and procedures utilized in complying with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities have been tested and are functioning in a manner adequate to fulfill the requirements of Rule 15c3-3 | Yes | 4584 | No 45 |

NOTES

- A—Do not include in item one customers' fully paid and excess margin securities required by Rule 15c 3-3 to be in possession or control but for which no action was required by the respondent as of the report date or required action was taken by respondent within the time frames specified under Rule 15c3-3.
- B—State separately in response to items one and two whether the securities reported in response thereto were subsequently reduced to possession or control by the respondent.
- C—Be sure to include in item two only items not arising from "temporary lags which result from normal business operations" as permitted under Rule 15c3-3.
- D—Item two must be responded to only with report which is filed as of the date selected for the broker's or dealer's annual audit of financial statements, whether or not such date is the end of a calendar quarter. The response to item two should be filed within 60 calendar days after such date, rather than with the remainder of this report. This information may be required on a more frequent basis by the Commission or the designated examining authority in accordance with Rule 17a-5(a)(2)(iv).

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

Shurman + Co.

as of

12/31/01

COMPUTATION OF NET CAPITAL

| | | | |
|--|----|----------------|------|
| 1. Total ownership equity (from Statement of Financial Condition - Item 1800) | \$ | <i>278,658</i> | 3480 |
| 2. Deduct: Ownership equity not allowable for net capital | | | 3490 |
| 3. Total ownership equity qualified for net capital | | <i>278,658</i> | 3500 |
| 4. Add: | | | |
| A. Liabilities subordinated to claims of general creditors allowable in computation of net capital | | | 3520 |
| B. Other (deductions) or allowable credits (List) | | | 3525 |
| 5. Total capital and allowable subordinated liabilities | \$ | <i>278,658</i> | 3530 |
| 6. Deductions and/or charges: | | | |
| A. Total non-allowable assets from | | | |
| Statement of Financial Condition (Note B and C) | \$ | | 3540 |
| 1. Additional charges for customers' and non-customers' security accounts | | | 3550 |
| 2. Additional charges for customers' and non-customers' commodity accounts | | | 3560 |
| B. Aged fail-to-deliver: | | | 3570 |
| 1. Number of items | | <i>3450</i> | |
| C. Aged short security differences-less reserve of | \$ | <i>3460</i> | 3580 |
| number of items | | <i>3470</i> | |
| D. Secured demand note deficiency | | | 3590 |
| E. Commodity futures contracts and spot commodities proprietary capital charges | | | 3600 |
| F. Other deductions and/or charges | | | 3610 |
| G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) | | | 3615 |
| H. Total deductions and/or charges | | | 3620 |
| 7. Other additions and/or allowable credits (List) | | | 3630 |
| 8. Net Capital before haircuts on securities positions | \$ | <i>278,658</i> | 3640 |
| 9. Haircuts on securities: (computed, where applicable, pursuant to 15c3-1 (f)): | | | |
| A. Contractual securities commitments | | | 3660 |
| B. Subordinated securities borrowings | | | 3670 |
| C. Trading and Investment securities: | | | |
| 1. Bankers' acceptances, certificates of deposit and commercial paper | | | 3680 |
| 2. U.S. and Canadian government obligations | | | 3690 |
| 3. State and municipal government obligations | | <i>14,808</i> | 3700 |
| 4. Corporate obligations | | | 3710 |
| 5. Stocks and warrants | | | 3720 |
| 6. Options | | | 3730 |
| 7. Arbitrage | | | 3732 |
| 8. Other securities | | | 3734 |
| D. Undue concentration | | | 3650 |
| E. Other (list) | | | 3736 |
| 10. Net Capital | \$ | <i>263,850</i> | 3750 |

OMIT PENNIES

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

Sherman & Co

as of 12/31/01

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

| | | | |
|---|----|----------------|------|
| 11. Minimum net capital required (6-2/3% of line 19) | \$ | <u>15016</u> | 3756 |
| 12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) | \$ | <u>100,000</u> | 3758 |
| 13. Net capital requirement (greater of line 11 or 12) | \$ | <u>100,000</u> | 3760 |
| 14. Excess net capital (line 10 less 13) | \$ | <u>163,850</u> | 3770 |
| 15. Excess net capital at 1000% (line 10 less 10% of line 19) | \$ | <u>241,338</u> | 3780 |

COMPUTATION OF AGGREGATE INDEBTEDNESS

| | | | |
|--|----|----------------|------|
| 16. Total A.L. liabilities from Statement of Financial Condition | \$ | <u>225,121</u> | 3790 |
| 17. Add: | | | |
| A. Drafts for immediate credit | \$ | <u>3800</u> | |
| B. Market value of securities borrowed for which no equivalent value is paid or credited | \$ | <u>3810</u> | |
| C. Other unrecorded amounts (List) | \$ | <u>3820</u> | 3830 |
| 18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1 (c) (1) (vii)) | \$ | | 3838 |
| 19. Total aggregate indebtedness | \$ | <u>225,121</u> | 3840 |
| 20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10) | % | <u>.85</u> | 3850 |
| 21. Percentage of Aggregate Indebtedness to net capital <u>after</u> anticipated capital withdrawals (line 19 ÷ by line 10 less Item 4880 page 11) | % | | 3853 |

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

| | | | |
|--|----|--|------|
| 22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits | \$ | | 3870 |
| 23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) | \$ | | 3880 |
| 24. Net capital requirement (greater of line 22 or 23) | \$ | | 3760 |
| 25. Excess net capital (line 10 less 24) | \$ | | 3910 |
| 26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page B) | % | | 3851 |
| 27. Percentage of Net Capital, <u>after</u> anticipated capital withdrawals, to Aggregate Debits (line 10 less Item 4880 page 11 ÷ by line 17 page B) | % | | 3854 |
| 28. Net capital in excess of: 5% of combined aggregate debit items or \$120,000 | \$ | | 3920 |

OTHER RATIOS

Part C

| | | | |
|--|---|--|------|
| 29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d) | % | | 3860 |
| 30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital | % | | 3852 |

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

PART II

BROKER OR DEALER

Sherman + Co

as of

12/31/01

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual
See below for code to enter

Name of Lender or Contributor

Insider or Outsider?
(In or Out)

Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)

(MMDDYY)
Withdrawal or Maturity Date

Expect to Renew
(yes or no)

| | | | | | | | |
|----------|------|------|------|----|-------|------|------|
| ▼ | 4600 | 4601 | 4602 | \$ | 4603 | 4604 | 4605 |
| ▼ | 4610 | 4611 | 4612 | | 4613 | 4614 | 4615 |
| ▼ | 4620 | 4621 | 4622 | | 4623 | 4624 | 4625 |
| ▼ | 4630 | 4631 | 4632 | | 4633 | 4634 | 4635 |
| ▼ | 4640 | 4641 | 4642 | | 4643 | 4644 | 4645 |
| ▼ | 4650 | 4651 | 4652 | | 4653 | 4654 | 4655 |
| ▼ | 4660 | 4661 | 4662 | | 4663 | 4664 | 4665 |
| ▼ | 4670 | 4671 | 4672 | | 4673 | 4674 | 4675 |
| ▼ | 4680 | 4681 | 4682 | | 4683 | 4684 | 4685 |
| ▼ | 4690 | 4691 | 4692 | | 4693 | 4694 | 4695 |
| TOTAL \$ | | | | ▼ | 4699* | | |

OMIT PENNIES

*To agree with the total on Recap (Item No. 4880)

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

WITHDRAWAL CODE:

DESCRIPTION

1. Equity Capital
2. Subordinated Liabilities
3. Accruals
4. 15c3-1(c)(2)(iv) Liabilities

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
Capital Withdrawals
PART II

BROKER OR DEALER

Sherman & Co

For the period (MMDDYY) from

1/1/01

to

12/31/01

RECAP

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, which have not been deducted in the computation of net capital.

1. Equity Capital

A. Partnership Capital:

| | | |
|---------------------------|----|------|
| 1. General Partners | \$ | 4700 |
| 2. Limited | | 4710 |
| 3. Undistributed Profits | | 4720 |
| 4. Other (describe below) | | 4730 |
| 5. Sole Proprietorship | | 4735 |

B. Corporation Capital:

| | | |
|--|--|------|
| 1. Common Stock | | 4740 |
| 2. Preferred Stock | | 4750 |
| 3. Retained Earnings (Dividends and Other) | | 4760 |
| 4. Other (describe below) | | 4770 |

2. Subordinated Liabilities

| | | |
|---------------------------|--|------|
| A. Secured Demand Notes | | 4780 |
| B. Cash Subordinations | | 4790 |
| C. Debentures | | 4800 |
| D. Other (describe below) | | 4810 |

3. Other Anticipated Withdrawals

| | | |
|---|--|------|
| A. Bonuses | | 4820 |
| B. Voluntary Contributions to Pension or Profit Sharing Plans | | 4860 |
| C. Other (describe below) | | 4870 |

Total \$ 4880

4. Description of Other

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

| | | | |
|---|----|----------------|------|
| 1. Balance, beginning of period | \$ | <i>262,705</i> | 4240 |
| A. Net income (loss) | | <i>27,245</i> | 4250 |
| B. Additions (Includes non-conforming capital of | \$ | <i>0</i> | 4260 |
| C. Deductions (Includes non-conforming capital of | \$ | <i>11,292</i> | 4270 |
| 2. Balance, end of period (From Item 1800) | \$ | <i>278,658</i> | 4290 |

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

| | | | |
|--|----|--|------|
| 3. Balance, beginning of period | \$ | | 4300 |
| A. Increases | | | 4310 |
| B. Decreases | | | 4320 |
| 4. Balance, end of period (From item 3520) | \$ | | 4330 |

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART II**

BROKER OR DEALER

Sherman + Co.

as of

12/31/01

SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION

CUSTOMERS' REGULATED COMMODITY FUTURES ACCOUNTS

SEGREGATION REQUIREMENTS

1. Net ledger balance:

| | | |
|---|----|------|
| A. Cash | \$ | 7010 |
| B. Securities (at market) | | 7020 |
| 2. Net unrealized profit (loss) in open futures contracts traded on a contract market | | 7030 |
| 3. Exchange traded options: | | |
| A. Add: Market Value of open option contracts purchased on a contract market | | 7032 |
| B. Deduct: Market Value of open option contracts granted (sold) on a contract market | (| 7033 |
| 4. Net equity (deficit) (total of 1, 2 and 3) | | 7040 |
| 5. Add accounts liquidating to a deficit and accounts with debit balances with no open trades | | 7050 |
| 6. Amount required to be segregated (total of 4 and 5) | | 7060 |

FUNDS ON DEPOSIT IN SEGREGATION

7. Deposited in segregated funds bank accounts:

| | | |
|---|----|------|
| A. Cash | \$ | 7070 |
| B. Securities representing investments of customers' funds (at market) | | 7080 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | 7090 |
| 8. Margins on deposit with clearing organizations of contract markets: | | |
| A. Cash | | 7100 |
| B. Securities representing investments of customers' funds (at market) | | 7110 |
| C. Securities held for particular customers or option customers in lieu of cash (at market) | | 7120 |
| 9. Settlement due from (to) clearing organizations of contract markets | | 7130 |
| 10. Exchange traded options: | | |
| A. Add: Unrealized receivables for option contracts purchased on contract markets | | 7132 |
| B. Deduct: Unrealized obligations for option contracts granted (sold) on contract markets | | 7133 |
| 11. Net equities with other FCMs | | 7140 |
| 12. Segregated funds on hand: | | |
| A. Cash | | 7150 |
| B. Securities representing investments of customers' funds (at market) | | 7160 |
| C. Securities held for particular customers in lieu of cash (at market) | | 7170 |
| 13. Total amount in segregation (total of 7 through 12) | \$ | 7180 |
| 14. Excess (insufficiency) funds in segregation (13 minus 6) | \$ | 7190 |

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART II

BROKER OR DEALER

Sherman + Co.

as of 12/31/01

FINANCIAL AND OPERATIONAL DATA

| | | | | | |
|--|---------------------|---------------------|---------------------|----------------------------------|---------------------|
| 1. Month end total number of stock record breaks unresolved over three business days | | Valuation | | Number | |
| A. Breaks long | \$ <u>None</u> 4890 | | | <u>None</u> 4900 | |
| B. Breaks short | \$ <u>None</u> 4910 | | | <u>None</u> 4920 | |
| 2. Is the firm in compliance with Rule 17a-13 regarding periodic count and verification of securities positions and locations at least once in each calendar quarter? (Check one) | | | | | |
| Yes <input checked="" type="checkbox"/> 4930 | | | | No <input type="checkbox"/> 4940 | |
| A) If response is negative attach explanation of steps being taken to comply with Rule 17a-13 | | | | | |
| 3. Personnel employed at end of reporting period | | | | | |
| A. Income producing personnel | | | | <u>1</u> | 4950 |
| B. Non-income producing personnel (all other) | | | | <u>1</u> | 4960 |
| C. Total | | | | <u>2</u> | 4970 |
| 4. Actual number of tickets executed during current month of reporting period | | | | <u>18</u> | 4980 |
| 5. Number of corrected customer confirmations mailed after settlement date | | | | <u>0</u> | 4990 |
| | | No. of Items | Debit (Short Value) | No. of Items | Credit (Long Value) |
| 6. Money differences | <u>None</u> 5000 | \$ <u>None</u> 5010 | <u>5020</u> | \$ <u>None</u> 5030 | |
| 7. Security suspense accounts | <u>None</u> 5040 | \$ <u>None</u> 5050 | <u>5060</u> | \$ <u>None</u> 5070 | |
| 8. Security difference accounts | <u>None</u> 5080 | \$ <u>None</u> 5090 | <u>5100</u> | \$ <u>None</u> 5110 | |
| 9. Commodity suspense accounts | <u>None</u> 5120 | \$ <u>None</u> 5130 | <u>5140</u> | \$ <u>None</u> 5150 | |
| 10. Open transactions with correspondents, other brokers, clearing organizations, depositories and interoffice and intercompany accounts which could result in a charge-unresolved amounts over 30 calendar days | | | | | |
| | <u>None</u> 5160 | \$ <u>None</u> 5170 | <u>5180</u> | \$ <u>None</u> 5190 | |
| 11. Bank account reconciliations-unresolved amounts over 30 calendar days | | | | | |
| | <u>None</u> 5200 | \$ <u>None</u> 5210 | <u>5220</u> | \$ <u>None</u> 5230 | |
| 12. Open transfers over 40 calendar days, not confirmed | | | | | |
| | <u>None</u> 5240 | \$ <u>None</u> 5250 | <u>5260</u> | \$ <u>None</u> 5270 | |
| 13. Transactions in reorganization accounts over 60 calendar days | | | | | |
| | <u>None</u> 5280 | \$ <u>None</u> 5290 | <u>5300</u> | \$ <u>None</u> 5310 | |
| 14. Total | <u>None</u> 5320 | \$ <u>None</u> 5330 | <u>5340</u> | \$ <u>None</u> 5350 | |
| 15. Failed to deliver ^{3/} business days or longer (21 business days or longer in the case of Municipal Securities) | | No. of Items | Ledger Amount | Market Value | |
| | | <u>None</u> 5360 | \$ <u>None</u> 5361 | \$ <u>None</u> 5362 | |
| 16. Failed to receive ^{3/} business days or longer (21 business days or longer in the case of Municipal Securities) | | <u>None</u> 5363 | \$ <u>None</u> 5364 | \$ <u>None</u> 5365 | |
| 17. Security concentrations (See instructions in Part I) | | | | | |
| A. Proprietary positions | | | | \$ <u>None</u> | 5370 |
| B. Customers' accounts under Rule 15c3-3 | | | | \$ <u>None</u> | 5374 |
| 18. Total of personal capital borrowings due within six months | | | | \$ <u>None</u> | 5378 |
| 19. Maximum haircuts on underwriting commitments during the period | | | | \$ <u>None</u> | 5380 |
| 20. Planned capital expenditures for business expansion during next six months | | | | \$ <u>None</u> | 5382 |
| 21. Liabilities of other individuals or organizations guaranteed by respondent | | | | \$ <u>None</u> | 5384 |
| 22. Lease and rentals payable within one year | | | | \$ <u>None</u> | 5386 |
| 23. Aggregate lease and rental commitments payable for entire term of the lease | | | | \$ <u>None</u> | 5388 |
| A. Gross | | | | \$ <u>None</u> | 5388 |
| B. Net | | | | \$ <u>None</u> | 5390 |

OMIT PENNIES

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

| |
|----------------------|
| OMB APPROVAL |
| OMB # 3235-0123 |
| Expires May 31, 1987 |

FOCUS REPORT
FORM X-17A-5
SCHEDULE I

(To be filed annually as of the end of calendar year)

Contents

Schedule I

**INFORMATION REQUIRED OF ALL BROKERS
AND DEALERS PURSUANT TO RULE 17a-5**

Sherman & Co.
William Sherman
15 Westminster St
Providence
RI 02903-2437
03389 -

* * * * *

Name of Respondent

FORM X-17A-5

FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

Schedule I

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17a-5

Report for the Calendar Year 2001 ☐ 8004
or if less than 12 months

Report for the period beginning 1/1 ☐ 8005 and ending 1/1 ☐ 8006
MM DD YY MM DD YY

| SEC FILE NUMBER | |
|-----------------|------|
| 8- 11259 | 8011 |

1. NAME OF BROKER DEALER

| | | | | |
|----------------------|------|-----|-------------------|------|
| <u>Sherman + Co.</u> | 8020 | N 9 | OFFICIAL USE ONLY | 8021 |
| | | | Firm No. M M Y Y | |

2. Name(s) of broker-dealer(s) merging with respondent during reporting period:

| NAME: | | OFFICIAL USE ONLY | |
|-------|------|-------------------|------|
| NAME: | 8053 | Yes | 8057 |
| NAME: | 8054 | | 8058 |
| NAME: | 8055 | | 8059 |
| NAME: | 8056 | | 8060 |

3. Respondent conducts a securities business exclusively with registered broker-dealers:

(enter applicable code: 1=Yes 2=No) 2 8073

4. Respondent is registered as a specialist on a national securities exchange:

(enter applicable code: 1=Yes 2=No) 2 8074

5. Respondent makes markets in the following securities:

(a) equity securities (enter applicable code: 1=Yes 2=No) 2 8075

(b) municipals (enter applicable code: 1=Yes 2=No) 2 8076

(c) other debt instruments (enter applicable code: 1=Yes 2=No) 2 8077

6. Respondent is registered solely as a municipal bond dealer:

(enter applicable code: 1=Yes 2=No) 2 8078

7. Respondent is an insurance company or an affiliate of an insurance company:

(enter applicable code: 1=Yes 2=No) 2 8079

8. Respondent carries its own public customer accounts:

(enter applicable code: 1=Yes 2=No) 1 8084

9. Respondent's total number of public customers accounts:

(carrying firms filing X-17A-5 Part II only)

(a) Public customer accounts 244 8080

(b) Omnibus accounts 1 8081

10. Respondent clears its public customer and/or proprietary accounts:

(enter applicable code: 1=Yes 2=No) 1 8085

FOCUS REPORT

Schedule I

page 2

11. Respondent clears its public customer accounts in the following manner:

(enter a "1" in appropriate boxes)

- (a) Direct Mail (New York Stock Exchange Members Only) ☐ 8086
- (b) Self-Clearing ☒ 8087
- (c) Omnibus ☐ 8088
- (d) Introducing ☐ 8089
- (e) Other ☐ 8090

If Other please describe:

- (f) Not applicable ☐ 8091

12. (a) Respondent maintains membership(s) on national securities exchange(s):

(enter applicable code: 1=Yes 2=No)

☒ 8100

(b) Names of national securities exchange(s) in which respondent maintains memberships:

(enter a "1" in appropriate boxes)

- (1) American ☐ 8120
- (2) Boston ☐ 8121
- (3) CBOE ☐ 8122
- (4) Midwest ☒ 8123
- (5) New York ☐ 8124
- (6) Philadelphia ☐ 8125
- (7) Pacific Coast ☐ 8126
- (8) Other ☐ 8129

13. Employees:

- (a) Number of full-time employees ☒ 8101

(b) Number of full-time registered representatives employed by respondent
included in 13 (a)

☒ 8102

14. Number of NASDAQ stocks respondent makes market.

☒ 8103

15. Total number of underwriting syndicates respondent was a member

☒ 8104

(Carrying or clearing firms filing X-17A-5 Part (I))

16. Number of respondent's public customer transactions:

Actual ☒ 8105

Estimate ☐ 8106

(a) equity securities transactions effected on a
national securities exchange

☒ 8107

(b) equity securities transactions effected other than on a
national securities exchange

☒ 8108

(c) commodity, bond, option, and other transactions effected
on or off a national securities exchange.

☒ 8109

FOCUS REPORT

Schedule I

page 3

17. Respondent is a member of the Securities Investor Protection Corporation

(enter applicable code: 1=Yes 2=No) ☐ 1 / ☐ 2 8111

18. Number of branch offices operated by respondent.

8112

19. Respondent is an affiliate or subsidiary of a foreign broker-dealer or bank

(enter applicable code: 1=Yes 2=No) ☐ 2 8113

20. (a) Respondent is a subsidiary of a registered broker-dealer

(enter applicable code: 1=Yes 2=No) ☐ 2 8114

(b) Name of parent ¹²

21. Respondent is a subsidiary of a parent which is not a registered broker or dealer

(enter applicable code: 1=Yes 2=No) ☐ 2 8115

22. Respondent sends quarterly statements to customers pursuant to Rule 10b-10(b) in lieu of daily or immediate confirmations:

(enter applicable code: 1=Yes 2=No) ☐ 2 8117

23. Aggregate Dollar Amount of Non-Exempted OTC Sales of Exchange-Listed Securities Done by Respondent During the Reporting Period

\$ 8118

*Required in any Schedule I filed for the calendar year 1978 and succeeding years.

SHERMAN + CO. HAD NO MUNICIPAL
BOND INCOME FOR 2001.



ROSENSTEIN, HALPER & MASELLI, LLP

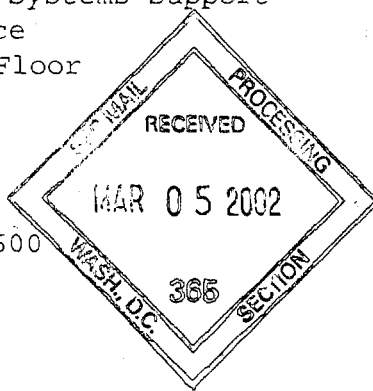
Certified Public Accountants

27 DRYDEN LANE
PROVIDENCE, RHODE ISLAND 02904
(401) 331-6851 FAX: (401) 331-6853

Jay N. Rosenstein, CPA, MBA
Frank G. Halper, CPA, MST, PES
Thomas D. Maselli, CPA

NASD Regulation, Inc.
Member Regulation Program/Systems Support
Attention: Sherry Lawrence
9509 Key West Avenue, 3rd Floor
Rockville, MD 20850

SEC
Boston District Office
73 Tremont Street, Suite 600
Boston, MA 02108-3912



Securities & Exchange
Commission
450 5th Street NW
Washington, D.C. 20549

National Association of
Securities Dealers, Inc.
Boston District Office
260 Franklin St., 16th flr.
Boston, MA 02110

Gentlemen:

We have audited Form X-17A-5 (Focus Report) and the Ratio of Aggregate Indebtedness to Net Capital of Sherman & Co. as of December 31, 2001.

Our audit was made in accordance with auditing standard generally accepted in the United States of America, and accordingly, included a review of the system of internal control, and the procedures for safeguarding securities of customers and such test of the accounting records and such other auditing procedures as we considered necessary in the circumstances, including the audit procedures prescribed by the Securities & Exchange Commission.

The accounting records of the Company are adequate and satisfactory. Since the Company has one employee in addition to the proprietor, there is a limitation to the full use of internal control. It is our opinion that Sherman & Co. is exempt from Rule 15c3-3 and no facts came to our attention indicating that the exemption has not been complied with during the period. Also, we found that no material inadequacies exist or have existed since the date of the previous audit. Sherman & Co. is exempt from Rule 15c3-3 under(k)(2)(I).

In our opinion, the accompanying Form X-17A-5 (Focus Report) and the Ratio of Aggregate Indebtedness to Net Capital present fairly, in all material aspects, the financial position of Sherman & Co. at December 31, 2001 in the form required by the Securities & Exchange Commission, in conformity with generally accepted accounting principles.

Rosenstein, Halper & Maselli, LLP

January 7, 2002